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SIPDIS

TREASURY FOR OTI - RLEBENSON AND ASZUBIN  
NSC FOR MCKIBBEN

SENSITIVE

E.O. 12958: N/A

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SUBJECT: TURKEY: INTERAGENCY TERRORISM FINANCE MEETING

REF: ANKARA 5448

1. (SBU) Summary: In follow-up to Treasury U/S Levey's June visit and the subsequent exchange of letters regarding Turkey's counter-terror finance (CTF) regime, Embassy met with an interagency GOT group on September 15. The focus was on pending legislative changes that GOT officials assert will result in a dramatic upgrading of in the CTF environment. Still, GOT officials have not grasped the concept of or the need for a domestic designation capability, which seems to be the most useful focus for the USG assistance offered by U/S Levey. End Summary.

2. (SBU) FOLLOWING U/S LEVEY'S JUNE VISIT TO ANKARA, AND THE SUBSEQUENT EXCHANGE OF LETTERS ON WEAKNESSES IN TURKEY'S ANTI-TERROR FINANCE REGIME, A GOT INTERAGENCY TEAM MET ON SEPTEMBER 15 WITH AN INTERAGENCY EMBASSY TEAM TO GO OVER THE TURKISH RESPONSE. THE TURKISH SIDE WAS CHAIRED BY GENC OSMAN YARASLI, THE PRESIDENT OF THE TURKISH ANTI-MONEY LAUNDERING AGENCY (MASAK), AND INCLUDED REPRESENTATIVES OF THE MINISTRIES OF JUSTICE, FOREIGN AFFAIRS, AND INTERIOR, PLUS THE TURKISH NATIONAL POLICE. THE U.S. SIDE WAS LED BY ECONCOUNS AND INCLUDED MULTIPLE AGENCIES AT POST (INCLUDING STATE, FBI, DEA, AFOSI). THE DISCUSSION WAS ORGANIZED ACCORDING TO THE SIX AML/CTF DEFICIENCIES IDENTIFIED IN LEVEY'S LETTER.

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UPCOMING LEGISLATIVE FIXES  
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3. (SBU) YARASLI WENT OVER THE NOW-FAMILIAR DRAFT MASAK LAW, WHICH RESTRUCTURES MASAK AND GIVES IT A STRONGER MANDATE TO FIGHT TERRORISM FINANCING BY EXPLICITLY CRIMINALIZING THE TERRORISM FINANCING AND PROVIDING SAFE HARBOR FOR FILERS OF SUSPICIOUS TRANSACTION REPORTS. THE MASAK LAW HAS BEEN SUBMITTED TO PARLIAMENT AND WILL BE CONSIDERED ONCE PARLIAMENT RETURNS TO SESSION OCTOBER 1. WITH SO MANY CRITICAL PIECES OF LEGISLATION UP FOR CONSIDERATION, ECONCOUNS ASKED WHAT SORT OF PRIORITY THE MASAK LEGISLATION WOULD BE ASSIGNED AND WHAT WOULD BE THE TIMING. YARASLI COULD NOT GIVE A MORE PRECISE TIMING, BUT SAID HE HAD CONVINCED HIS MINISTER (FINANCE MINISTER UNAKITAN) TO MAKE THE MASAK LAW A PRIORITY. (IN A SUBSEQUENT MEETING, CHARGE MCELLOWNEY REITERATED TO UNAKITAN THE IMPORTANCE OF PASSING THE LEGISLATION QUICKLY, WHICH UNAKITAN SAID HE UNDERSTOOD.)

4. (SBU) YARASLI ALSO WENT OVER A SET OF PROPOSED AMENDMENTS TO THE TURKISH PENAL CODE AND OTHER RELATED LAWS THAT HE SAID WOULD BRING TURKISH LAW INTO LINE WITH INTERNATIONAL NORMS, IN PARTICULAR BY BROADENING THE DEFINITION OF TERRORISM TO INCLUDE INTERNATIONAL TERRORISM AND NOT JUST ACTS AGAINST TURKISH CITIZENS OR THE TURKISH STATE. YARASLI SAID DRAFTING OF THIS SET OF AMENDMENTS HAD BEEN COMPLETED BY AN INTERMINISTERIAL COMMITTEE AND SENT TO THE PRIME MINISTRY BUT THE PRIME MINISTRY SENT THE CHANGES TO THE MINISTRY OF JUSTICE TO BE FOLDED INTO ONGOING WORK ON TERRORISM-RELATED LAWS. THEREFORE, YARASLI COULD NOT BE SURE WHEN THESE CHANGES WOULD BE APPROVED IN COUNCIL OF MINISTERS AND SUBMITTED TO PARLIAMENT, BUT IN RESPONSE TO EMBASSY'S QUESTION CLAIMED THAT THESE AMENDMENTS WERE ALSO CONSIDERED A PRIORITY.

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DESIGNATIONS "A LA TURCA"  
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5. (SBU) WITH REGARD TO USG CONCERNS ABOUT THE LEGAL BASIS ON WHICH TERRORIST ASSETS ARE FROZEN IN TURKEY AND BROADER ISSUE OF DESIGNATIONS, MFA DEPUTY DIRECTOR GENERAL HUSEYIN BICAKLI WENT OVER HOW THE GOT ACTS ON UN 1267 COMMITTEE DESIGNATIONS, IMPLEMENTING ASSET FREEZES VIA A DECREE ISSUED BY THE COUNCIL OF MINISTERS. IN ADDITION TO LAW ENFORCEMENT AGENCIES AND BANKS, BICAKLI NOTED THAT DISTRICT GOVERNORS (VALIS) ARE INFORMED, AS ARE ALL BORDER CONTROL POINTS.

(ALTHOUGH WE HAVE NEVER SEEN IT AND IT DOES NOT APPEAR TO BE PUBLIC INFORMATION, MFA OFFICIALS HAVE TOLD US THEY PUT U.S.-DESIGNATED NAMES ON THIS SAME DISTRIBUTION LIST.) THE TURKISH SIDE DID NOT ADDRESS THE POTENTIAL OPENNESS OF THE CURRENT SYSTEM TO LEGAL CHALLENGE.

16. (SBU) BICAKLI AND A JUSTICE MINISTRY COLLEAGUE EXPLAINED THAT ASSETS AND ACCOUNTS OF ENTITIES NOT IDENTIFIED BY THE UN 1267 COMMITTEE COULD ONLY BE FROZEN OR BLOCKED THROUGH A JUDICIAL PROCESS IN WHICH A PUBLIC PROSECUTOR SOUGHT AND OBTAINED A JUDGE'S ORDER. ECONCOUNS DESCRIBED THE U.S. SYSTEM FOR DESIGNATING TERRORIST AND TERRORIST GROUPS THROUGH EXECUTIVE ACTION SUBJECT TO JUDICIAL REVIEW. SPECIFYING THAT WE ARE NOT PROPOSING TURKEY COPY OUR SYSTEM, ECONCOUNS ASKED WHETHER TURKEY HAD A COMPARABLE SYSTEM TO GENERATE AND FOLLOW THROUGH ON DOMESTIC DESIGNATIONS, I.E. A SYSTEM FOR IDENTIFYING AND TARGETING FOR RAPID BLOCKING OF ASSETS THAT DOES NOT REQUIRE THE SAME EVIDENTIARY STANDARD AND THE LONG TIME PERIOD INHERENT IN JUDICIAL ACTIONS.

17. (SBU) THE ENSUING, SOMEWHAT CIRCULAR CONVERSATION MADE CLEAR: A) THAT TURKEY DID NOT HAVE SUCH A SYSTEM, B) THAT THE OFFICIALS IN THE ROOM DID NOT GRASP WHAT SUCH A SYSTEM WOULD ENTAIL, AND C) THAT THE TURKS ARE NOT BUREAUCRATICALLY ORGANIZED TO IMPLEMENT SUCH A SYSTEM. IN A SIDE CONVERSATION, MASAK DEPUTY PRESIDENT ENDER TOSUN (PROTECT) ASSERTED THAT GIVEN TURKEY'S HISTORY OF ABUSE OF INDIVIDUAL RIGHTS BY THE STATE, THE TURKISH PUBLIC WOULD NOT ACCEPT AN ADMINISTRATIVE, NON-JUDICIAL MECHANISM FOR FREEZING ASSETS. IN THE PLENARY SESSION, YARASLI ALSO NOTED THE GOT'S DIFFICULTY OF FREEZING ASSETS UNDER TURKEY'S CONSTITUTION AND LAWS. YARASLI CLAIMED MASAK WOULD START WORKING ON DESIGNATIONS PROCEDURES FOLLOWING ADOPTION OF THE RELEVANT LAWS, BUT HE AND THE JUSTICE MINISTRY REP MADE CLEAR THAT CURRENT GOT THINKING WAS THAT THIS WOULD HAVE TO BE DONE THROUGH THE UNWIELDY COURT/PROSECUTOR SYSTEM.

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INFORMAL REMITTANCE NETWORKS  
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18. (SBU) YARASLI RESPONDED TO POINT IN LEVEY'S LETTER ABOUT INFORMAL REMITTANCE NETWORKS BY REPEATING THAT SUCH NETWORKS WERE ILLEGAL IN TURKEY. ONLY BANKS AND THE PTT ARE AUTHORIZED TO EFFECT WIRE TRANSFERS AND WESTERN UNION-TYPE COMPANIES ARE REQUIRED TO GO THROUGH BANKS, SUBJECT TO THE SAME REGULATIONS AND MONITORING. WHEN EMBASSY NOTED ANECDOTAL REPORTS OF THE EXISTENCE OF SUCH INFORMAL TRANSFERS, YARASLI SAID, IN EVERY COUNTRY THERE ARE PEOPLE WHO BREAK THE LAW BUT THAT THE AUTHORITIES TRY TO DETER SUCH ACTIVITIES AND HE BELIEVED THIS KIND OF ACTIVITY WAS RARE IN TURKEY.

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INTERAGENCY AND INTERNATIONAL COOPERATION  
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19. (SBU) SINCE THE U.S. LETTER HAD RAISED BOTH INTERAGENCY AND INTERNATIONAL COOPERATION, YARASLI WONDERED WHETHER THE U.S. WAS IMPLYING THERE WERE PROBLEMS IN THESE AREAS. ECONCOUNS NOTED THAT THE ABSENCE OF MONEY-LAUNDERING PROSECUTIONS SUGGESTS THAT THERE MIGHT BE ROOM FOR IMPROVEMENT. YARASLI SAID THAT A COORDINATION COMMITTEE WITH 15 MEMBERS, INCLUDING THE FOREIGN AND JUSTICE MINISTRIES, THE BANK REGULATORY AGENCY, THE CENTRAL BANK, AND MASAK, MET TWICE A YEAR. IN REPLY TO A QUESTION ABOUT SECONDING STAFF FROM ONE AGENCY TO ANOTHER, YARASLI SAID THIS WAS NOT DONE, EXCEPT TO CREATE INTERAGENCY TASK FORCES ON SPECIFIC CASES. NOTE: OTHER AGENCIES, NOTABLY THE POLICE, HAVE TOLD US COOPERATION WITH MASAK WAS POOR. ON THE OTHER HAND, BY FORCING GOT AGENCIES TO COME TOGETHER TO RESPOND, THE U.S. LETTER HAS REINFORCED THE NEED FOR INTERAGENCY COOPERATION. END NOTE.

110. (SBU) ON INTERNATIONAL COOPERATION, YARASLI CITED MASAK'S COOPERATION WITHIN EGMONT, USING ITS SECURE WEB SITE, AND WITHIN FATF. NOTE: YARASLI HAD PRIVATELY GRUMBLED TO ECON SPECIALIST THAT NO OTHER COUNTRIES AT THE RECENT EGMONT GROUP MEETING HAD RAISED TURKEY'S ANTI-TF DEFICIENCIES, YET USG OFFICIALS SEEM TO DO SO WITH REGULARITY. END NOTE. YARASLI SAID THE NEW LAW WILL ALSO ALLOW MASAK TO ENTER INTO MEMORANDA OF UNDERSTANDING WITH OTHER COUNTRIES.

111. (SBU) ON SHARING STR'S, YARASLI EXPLAINED THAT MANY STR'S ARE FILED WITH MASAK WITHOUT NECESSARILY BEING OF INTERNATIONAL INTEREST OR ENTAILING CRIMINAL ACTIVITY. THIS IS WHY MASAK ONLY SHARES STR'S WITH OTHER COUNTRIES AFTER EVALUATING THEM.

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NEXT STEPS  
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112. (SBU) THE MEETING CONCLUDED WITH REFTTEL-DESCRIBED OFFER OF ENHANCED COOPERATION AGAINST PKK FINANCE. THIS OFFER, COMBINED WITH THE MEETING GIVING THE GOT AN OPPORTUNITY TO GO OVER IN DETAIL THE TURKISH REPLY TO U/S LEVEY'S LETTER, SEEMED TO CREATE GOODWILL ON THE TURKISH SIDE. THE MEETING CLEARED THE AIR AFTER YARASLI'S INITIAL DEFENSIVE REACTION TO U/S LEVEY'S MESSAGE.

113. (SBU) IT SEEMS TO EMBASSY THAT THE MOST USEFUL AREA FOR THE FOCUSED U.S. ASSISTANCE OFFERED BY U/S LEVEY TO HELP PREPARE TURKEY FOR ITS FATF REVIEW IS IN THE AREA OF BUILDING AN EFFECTIVE MECHANISM FOR GENERATING DOMESTIC DESIGNATIONS OF TERRORIST FINANCIERS. HOWEVER, GOT OFFICIALS HAVE NOT REQUESTED U.S. HELP IN THIS AREA AND DO NOT SEEM TO UNDERSTAND THEIR NEED FOR IT. A VISIT OR VIDEO CONFERENCE IN WHICH U.S. EXPERTS EXPLAINED THE CONCEPT AND THE BASIC ELEMENTS OF A DESIGNATION SYSTEM COULD BE A USEFUL FOLLOW UP TO BEGIN TO GET THE GOT TO WORK ON THIS GAP IN ITS SYSTEM. MASAK, AS TURKEY'S FINANCIAL INTELLIGENCE UNIT AND A LAW ENFORCEMENT RATHER THAN A POLICY-MAKING AGENCY, MAY NOT BE THE RIGHT BUREAUCRATIC POINT TO PRESSURE, ALTHOUGH IT HAS THE LEAD ON TURKISH PARTICIPATION IN FATF. POST LOOKS FORWARD TO WORKING WITH WASHINGTON AGENCIES TO DEFINE THE MOST USEFUL APPROACH.  
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